

A STUDY ON THE MARKETING OF BYADGI CHILLI GROWN IN DHARWAD AND HAVERI DISTRICTS OF KARNATAKA

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ABSTRACT

The study is based on information collected from 56 Byadgi chilli growers, 20 village traders and 20 wholesalers from each Dharwad and Haveri districts of Karnataka in the crop year 2011-12. Purposively the paper intent to discover the cost, margin and price spread of Byadgi chilli. The study resulted that the average marketing cost incurred by the producer-seller in channel- I accounted for Rs. 51.84/q. The total cost incurred by farmers in Channel II was the highest in Kundagol market (Rs 645.26/q), followed other markets. The average marketing cost for farmers in this channel was about Rs. 445.90/q. On an average the producer's share in consumer's rupee in channel-I ranged between 81.94 to 86.12 per cent with a price spread of Rs.991.02 to Rs 1318.31 per quintal. The maximum price spread was found in Haveri market (Rs. 1318.31/q). The producer's share in consumer's rupee was 76.80 per cent in Hubli market which was found to be lower compared to channel-I. The producer share in consumer rupee was found highest in Kundgol market (77.78%) and price spread lowest in Byadgi (Rs. 1702/q). The producer's share in consumer's rupee was above 76 per cent in the major markets of Haveri and Dharwad districts.

KEYWORDS: Marketing cost, Marketing Channels, Marketing Margin and Producers Share

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INTRODUCTION

Marketing implies a series of activities involved in moving the product from the point of production to the point of consumption involving time, place, form and ownership utility. Kohl1 defined it as, “the performance of all business activities involved in the flow of goods and services from the point of initial agricultural production until they are in the hands of the ultimate consumers”. While American Marketing Association defined, “marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large”². Thus, in all case marketing is a critical business function for attracting customers. From a societal point of view, marketing satisfies the needs and wants between a society's material requirement and its economic patterns of response through exchange processes and building long term relationships. Marketing can be looked at as an organizational function and a set of processes for creating, delivering and communicating value to customers, and managing customer relationships in ways that also benefit the organization and its shareholders³. Marketing of agricultural goods in India assumes greater significance as the major portion of the population is engaged in agriculture related activities.

The recent developments in the field of agriculture like High Yield Variety Programme (HYVP) besides contributing to green revolution have further increased significance of agricultural marketing. Today agricultural sector is not only supplying the food requirements but also contributing to the foreign exchange of the country.

Objectives of the Study

- To identify the existing channels in marketing of Byadgi chilli and verify foremost channel.
- To study the marketing cost, marketing margin and price spread.
- To establish the producers share in consumer's rupee.

METHODOLOGY

A three stage sampling was undertaken for selection of market and market intermediaries. In the first stage, Dharwad and Haveri districts were selected, since these two districts are the major chilli growing districts. Both these districts ranked first and second respectively in the total area under chilli. In the second stage based on the magnitude of area under chilli, Byadgi and Haveri taluks in Haveri district and Hubli and Kundgol taluks in Dharwad district were selected for the study. In the third stage respondent farmers, market intermediaries of chilli trade and processors from each taluk were selected for the study. A total of 56 farmers, 20 traders and 8 processors were selected for the study. The collected data is analysed by using the formulas of marketing cost, marketing margin, producer share and price spread.

In the study area, the following two important marketing channels were identified in marketing of chillies.

Channel I: Producer seller → Village merchant → Wholesaler → Retailer → Consumer

Channel II: Producer seller → Commission agent → Wholesaler → Retailer → Consumer

RESULTS AND DISCUSSIONS

Costs Incurred by Farmers in Marketing of Chillies

The average marketing cost incurred by the producer-seller in channel- I of the study area accounted for Rs. 51.84 per quintal (table 4.16). The magnitude of cost was higher in Kundgol (Rs.87.82/q), Byadgi (Rs.58.46/q) and Haveri (Rs.41.11/q) markets as compared to Hubli (Rs.20 /q). Chillies cultivated in and around Hubli are comparatively uniform in quality and thus require less sorting time (Table 1). The total cost incurred by farmers in Channel II was the highest in Kundagol market (Rs 645.26/q), followed by Hubli, Haveri and Byadgi market in that order. The average marketing cost for farmers in this channel was about Rs 445.90/q (Table 2).

Among the different items of expenditure, commission charges paid by farmers accounted for about 40 per cent of the marketing cost, followed by packing, sorting and transportation (Rs.42.96/q). Similar pattern was observed in all the other markets. The cost on transportation also formed a major component of total marketing cost incurred by farmers in marketing of chilli. The chilli growers in all the taluks of study area sold their produce in the distant markets within Karnataka as well as outside the state for better prices, which resulted in higher cost of transportation. Further, lack of cheap and timely transportation facilities might be other reasons for higher transportation cost as expressed by majority of the farmers in the opinion survey. Therefore, it is suggested that transportation cost could be substantially reduced through pooling small, scattered and isolated individual lots by making an arrangement for collection and transported from specific areas to market. Wastages accounted for eight to 12 per cent of the total marketing cost incurred by farmers mainly in

transit and handling of the produce. The findings of the study are in line with the results obtained by Rajur (2007) and Shivakumar (2008) in marketing of Red chillies

Marketing Margin and Price Spread in Marketing of Chilli

Channel- I

The marketing cost and margins of intermediaries' involved in the marketing of chilli in Hubli , Kundagol, Haveri and Byadgi market are given in table 4.15,. On an average the producer's share in consumer's rupee in channel-I ranged between 81.94 to 86.12 per cent with a price spread of Rs.991.02 to Rs 1318.31 per quintal. The maximum price spread was found in Haveri market (Rs. 1318.31/q) followed by Hubli market (Rs 1248.99/q), Kundgol (Rs. 1248.72/q) and Byadgi market (Rs. 991.02/q).

Table 1: Marketing Cost Incurred by Farmers in Channel - I (Rs/q)

SI No.	Particulars	Byadgi	Haveri	Hubli	Kundagol	Average
1	Sorting	58.46	41.11	20	87.82	51.8
2	Packing	-	-	-	-	-
3	Storage	-	-	-	-	-
4	Transportation including loading and unloading	-	-	-	-	-
5	Weighment	-	-	-	-	-
6	Commission	-	-	-	-	-
Total		58.46	41.11	19.99	87.82	51.84

Table 2: Marketing Cost Incurred by Farmers in Channel - II (Rs/q)

SI No.	Particulars	Byadgi	Haveri	Hubli	Kundagol	Average
1	Sorting	63.09	56.16	41.14	84.04	61.10
2	Packing	77.7	75.146	58.28	93.5	76.15
3	Storage	-	-	-	-	-
4	Transportation including loading and unloading	39.29	37.57	35.82	59.19	42.96
5	Weighment	3	3	3	4	3.25
6	Commission	177.6	189.95	277.69	404.53	262.44
Total		222	360.68	361.83	415.93	645.26

Table 3: Marketing Costs, Margins and Price Spread in Channel- I (Rs/q)

Sl.No	Particulars	Byadgi	Haveri	Hubli	Kundgol	Average
1	Producers net price	5964.54 (85.75)	5981.69 (81.94)	6751.01 (84.39)	7751.28 (86.13)	6612.13 (84.62)
2	Cost incurred by producer	58.46 (0.84)	41.11 (0.56)	20 (0.25)	87.82 (0.98)	51.8 (0.66)
3	Producer's sale price to village merchant	6023 (86.59)	6022.8 (82.50)	6771 (84.64)	7839.1 (87.10)	6664.0 (85.28)
4	Cost incurred by village merchants	99 (1.42)	112 (1.53)	115 (1.44)	96 (1.07)	105.5 (1.35)
5	Village merchant's sale price to wholesaler	6225.6 (89.51)	6334.39 (86.77)	7050.49 (88.13)	8065.19 (89.61)	6918.9 (88.55)
6	Profit of the village merchant	103.6 (1.49)	199.59 (2.73)	164.49 (2.06)	130.09 (1.45)	149.4 (1.91)
7	Cost incurred by the wholesaler	170 (2.44)	108 (1.48)	145 (1.81)	113 (1.26)	134 (1.71)

Table 3: Contd.,						
8	Wholesaler's sale price to retailer	6500 (93.45)	6790.77 (93.02)	7476.62 (93.46)	8473.07 (94.15)	7310.1 (93.55)
9	Profit of the wholesaler	104.4 (1.50)	348.38 (4.77)	281.13 (3.51)	294.88 (3.28)	257.2 (3.29)
10	Cost incurred by retailer	71.25 (1.02)	100.8 (1.38)	88.49 (1.11)	92.9 (1.03)	88.4 (1.13)
11	Retailer's sale price	6955.56	7300	8000	9000	7813.9
12	Profit of the retailer	384.31 (5.53)	408.43 (5.59)	434.89 (5.44)	434.03 (4.82)	415.42 (5.32)
13	Consumer's price	6955.56 (100)	7300 (100)	8000 (100)	9000 (100)	7813.9 (100)
14	Producer's share in consumer rupee (%)	85.75	81.94	84.38	86.12	84.62
15	Price spread	991.02	1318.31	1248.99	1248.72	1201.76

Note: Figures in the parentheses indicate percentage to the consumer's price

Table 4: Marketing Costs, Margins and Price Spread in Channel- II

Sl. No	Particulars	Byadgi	Haveri	Hubli	Kundagol	Average
1	Producer's price	5920 (80.00)	6331.83 (81.61)	6942.27 (81.03)	8090.66 (82.00)	6821.19 (81.22)
2	Cost incurred by the producer	222 (4.87)	360.83 (4.66)	361.83 (4.85)	415.93 (6.54)	340.11 (5.31)
3	Producers net price	5698 (75.13)	6123.09 (76.95)	6770.85 (76.17)	7794.67 (75.46)	6596.66 (75.91)
4	Cost incurred by village merchants	-	-	-	-	-
5	Purchase price of village merchant	-	-	-	-	-
6	Wholesaler's purchase price (sale price by the village merchant)	5920 (80.00)	6331.83 (81.61)	6942.27 (81.03)	8090.66 (82.00)	6821.19 (81.22)
7	Profit of village merchant	-	-	-	-	-
8	Cost incurred by wholesaler	247.7 (3.35)	218.6 (2.82)	297.68 (3.47)	308.38 (3.13)	268.09 (3.19)
9	Wholesaler's selling price (Retailer purchase price)	6364 (86.00)	6749.74 (87.00)	7453.58 (86.99)	8650.16 (87.67)	7304.37 (86.97)
10	Profit of wholesaler	196.3 (2.65)	199.35 (2.57)	216.67 (2.49)	251.12 (2.55)	215.86 (2.56)
11	Cost incurred by retailer	75.23 (1.02)	92.7 (1.19)	88.15 (1.03)	98.61 (1.00)	88.67 (1.06)
12	Consumer's price	7400 (100)	7758.33 (100)	8568.04 (100)	9866.66 (100)	8398.25 (100)
13	Profit of retailer	960.77 (12.98)	915.89 (11.81)	1026.31 (11.98)	1117.89 (11.33)	1005.21 (11.97)
14	Producer's share in consumer rupee (%)	77	76.96	76.80	77.78	77.17
15	Price spread	1702	1787.18	1987.6	2191.93	1917.17

Note: Figures in the parentheses indicate percentage to the consumer's price

Channel-II

The producer share in consumer rupee was 76.80 per cent in Hubli market which was found to be lower compared to channel-I. The producer share in consumer rupee was found highest in Kundgol market (77.78%) and price spread was highest in Kundgol (Rs. 2191.93/q) and lowest in Byadgi (Rs. 1702/q). The average price spread was found to be Rs. 1917.17/q.

Thus, it could be observed that irrespective of the channel, the producers share in consumer rupee was above 76 per cent in the major markets of Haveri and Dharwad districts. Similar findings were observed by Chauhan (1998) in his study on marketing costs, margins and price spread in chillies

CONCLUSIONS

Byadgi chilli is geographically indicated because of its unique characteristics with respect to its wrinkle surface and rich of oleoresin pigment. The Byadgi APMC is the major market for the byadgi chilli. The Byadgi chilli is named after the town name called Byadgi taluk of Haveri district. Study found that there are plenty of market intermediaries are actively involved in the marketing of Byadgi chilli in the APMC. There are majorly two types of marketing channels which farmers are using for selling of their produce and those are Channel I: Producer seller → Village merchant → Wholesaler → Retailer → Consumer and Channel II: Producer seller → Commission agent → Wholesaler → Retailer → Consumer. On an average the producer's share in consumer's rupee in channel-I ranged between 81.94 to 86.12 per cent. The maximum price spread was found in Haveri market (Rs. 1318.31/q) followed by Hubli market (Rs 1248.99/q), Kundgol (1248.72/q) and Byadgi market (Rs 991.02/q). In channel-II the producer share in consumer rupee was highest in Haveri market (76.95%) and price spread was lowest (Rs. 1788.33/q). The average price spread was found to be Rs. 2022.96/q. so the channel I is the best for the farmers and as well as consumers because of its low marketing cost and get optimum prices for their produce as compared to channel II.

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